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AFRICAN DEVELOPMENT FUND



**PROJECT CONCEPT NOTE
BUILDING CLIMATE CHANGE ADAPTIVE CAPACITY IN MALAWI'S
EASTERN REGION**

MALAWI

AMOUNT REQUESTED – \$14.99 million
TOTAL PROJECT AMOUNT – \$20.59 million
DATE: 16th FEBRUARY 2024

PROJECT INFORMATION SHEET

CLIENT INFORMATION

Project Name	BUILDING CLIMATE CHANGE ADAPTIVE CAPACITY IN MALAWI'S EASTERN REGION
Sector	Agriculture, Energy, Environment, Natural Resources, Climate Change, Water, Tourism and Nutrition
Borrower/Grant Recipient	Regional Member Country Name – Malawi
Borrower Team Lead	Alice Abillu
Project Instrument	Grant
Executing Agency	LEAD SEA , HEEED AND NATIONAL WATER REGULATORY AUTHORITY

CAW Sector(s)	
<input checked="" type="checkbox"/> Adaptation	<input checked="" type="checkbox"/> Agriculture, food and nutrition security <input checked="" type="checkbox"/> Building water security and sanitation <input type="checkbox"/> Climate information and early warning systems <input type="checkbox"/> Greening the financial sector and supporting the private sector <input type="checkbox"/> Building resilient and green infrastructure
<input type="checkbox"/> Mitigation	<input type="checkbox"/> Improving clean energy access and just energy transition <input type="checkbox"/> Building resilient and green infrastructure <input type="checkbox"/> Greening the financial sector and supporting the private sector

COUNTRY AND STRATEGIC CONTEXT

Country Strategy Paper Period:	CSP 2023 – 2028
Country Strategy Paper Priorities supported by the Project:	Priority2: Supporting economic diversification through investments in agriculture value chains
Government Program (PRSP, NDP or equivalent)	<ul style="list-style-type: none"> Malawi's vision, Malawi 2063, MW2063, which seeks to transform the country into a wealthy, self-reliant, and industrialized upper-middle-income country by 2063. Malawi National Adaptation Plan (NAP) 2020 whose vision is a country with people, ecosystems and infrastructure that are resilient and have adaptive capacity to the impacts of climate change.
Alignment with Climate Change and Green Growth Strategy	Mainly on strategic areas of special emphasis which are: 1 – transition to green growth; 2 – gender and social inclusion; and 3 – private sector development and participation.
Alignment with other Bank Strategies (Gender and TYS)	The proposed project aligns with the CCGG strategy as it also aspires to build a climate-resilient, low-carbon, green, inclusive, integrated and prosperous communities in the target areas. This will be done with a focus on women and girls as they face several constraints towards active participation and achieving full benefits in sectors that this project will also focus on (agriculture, industry, trade and energy). As AfDB makes gender equality and women and girls empowerment central to its activities, so is this proposed project.
Project classification:	Relevant high-5 Priority area(s) and sub-theme(s): Feed Africa; Industrialize Africa; and Improve the Quality of Life for the People of Africa.

	SDGs: 1 –No Poverty; 2 – Zero Hunger; 7 – Affordable and Clean Energy; 8 – Decent Work and Economic Growth; 9 – Industry, Innovation and Infrastructure; 13 – Climate Action; 14 – Life below Water; 15 – Life on Land; and 17 – Partnerships for the Goals.
	Selectivity priorities: Food security and agriculture, and gender

ADF/ADB KEY FINANCING INFORMATION

Total Project Amount	USD 20.59 million	
Amount of Bank Group Financing	USD 14.99 million	
Co-financiers and / or Trust fund Financing:	HEEED NGO	USD 0.81 million
	Fertiliser Trust Fund	USD 3.99 million
Government Counterpart Funding Contribution:	National Water Regulatory Authority, USD 0.80 million	
Leverage Factor (e.g., 1:3)	1:3	
CAW TA grant requirement:	Not applicable	

Compliance with the Bank's E&S Safeguard policies and procedures

4.1	Environmental and Social categorization; has the project's E&S category been determined and validated in the ISTS and SAP? Indicate project's category and date of validation in ISTS and SAP	During the development of the Project Appraisal Report, the team will determine the project's E&S category against the bank's Integrated Safeguards Tracking Systems (ISTS) and Simplified Assessment Procedures (SAP).
4.2	Environmental and Social Impact assessment undertaken? (Y/N, date)	No
4.3	Project involves resettlement? (Y/N)	No.

D. Project Components

12. Component 1: Payment for Ecosystem Services (PES), (\$2.377m)

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Component 1.1: Sustainable Landscape Management technologies and approaches

Of interest in this project are mainly landscape and watershed protection interventions which will also contribute to biodiversity protection and later provide potential for carbon sequestration. This will target both smallholder farmers, and community members through sustainable landscape management (SLM), while focusing on a combination of technologies and approaches that will improve land quality, prevent degradation, restore already degraded landscapes while enhancing resilience to natural disasters.

Component 1.2: Operationalization of PES scheme

As one way of sustaining the improved landscape from a combination of SLM technologies and approaches, beneficiaries of the improved flow of ecosystem services will be coerced into PES schemes. These will become a win-win situation between the managers of the ecosystem (individuals and communities alike) and the beneficiaries of the ecosystem services (institutions and individuals) in the tourism and water service industry.

13. Component 2: Facilitating private public partnership, (\$8.294m)

Component 2.1: Supporting water hyacinth harvesting activities

The main goals are to improve the efficiency of hydro-power generation, irrigation, domestic potable water and fisheries in upper Shire River for the economic development of the country (Malawi). This will be achieved by supporting the water hyacinth harvesting activities (operation and maintenance, fuels and transportation), benefiting the local people within the upper Shire River and the nation in general through improved power supply. The processing of these aquatic weeds will not only prevent danger to life but also have other benefits. There would be an increased livelihood as many people will be employed in the processing and selling. The operational costs of harvesting will partly be recovered from the same.

Component 2.2: Production of organic fertilizers/ briquettes from water hyacinth

The main goal is adaptation to climate change by recycling harvested water-hyacinth into organic fertilizers and briquettes/pellets for sustainable livelihood of the communities and improved waste management. The organic fertilizers and briquettes produced will target three Traditional Authorities (TAs) with a total population of over 150,000 people⁸ plus others beyond the project catchment area.

14. Component 3: Ecotourism, (\$2.638m)

Component 3.1: Establishment of ecotourism centres

The main goal is to reduce human/animal conflict while enhancing natural resource management and protection of national reserves. This will be achieved by training the communities in how they can help to protect LMNP and LNP and benefit from them, establishing both water and land ecotourism sites within LMNP. This will be done by the community members around the National Parks who will earn a living through natural resource management efforts targeting ecotourism, benefiting over 120,000 people.

Component 3.2: Supporting diving for ecotourism (Lake and Beach cleaning)

The main goal is to have a clean lake bottom and beaches for tourist attraction in LMNP. This will be achieved by training divers, mostly the youth, with a bias on females, who will be removing underwater debris. This activity will, in turn, improve fish-breeding and reduce bilharzia snail-carriers. Also, by introducing electrically-propelled boats with solar-charging stations to minimize noise pollution and over-reliance on petrol fuels - this will be one of the climate-smart technology initiatives within the project. This will target the youth and other vulnerable community members within the LMNP catchment within T/A Nankumba.

15. Component 4: Nutrition Sensitive Agriculture, (\$3.881m)

⁸ National Statistics Office (2019). 2018 Population and Housing Census Main Report, Zomba, Malawi.

Component 4.1: Promoting sustainable agricultural production

This will target at enhancing food and nutrition security in response to building resilience to climate change. Agriculture and nutrition are essentially linked through food production, income and gender. Activities will include climate-smart agriculture, organic manure-making and agro-forestry to promote soil health; cultivation of nutrient-rich fruits, vegetables, pulses, and grains to ensure dietary diversity and balance; propagation and promotion of certified bio-fortified seed varieties; the integration of small livestock farming to provide animal-source foods rich in essential nutrients and strengthening food value chains by reducing post-harvest losses and improving storage. Train smallholder farmers in food-processing techniques to improve storage, nutritional value, and marketability through value addition.

Component 4.2: Nutrition education, behaviour change and women's empowerment

This is targeting enhancement of the sustainable production drive above through the promotion of nutrition, education and behavioural change communication to raise awareness about the importance of producing and consuming diverse, nutrient-rich foods and adopting healthy dietary practices. This will further provide women with training on nutrition, agricultural practices, and food preparation techniques; support their access to income-generating activities through Village Savings Loans and encourage their leadership in decision-making related to agriculture, food, and nutrition.